

INTERNET RESOURCES

HOUSTON ONE STOP BUSINESS CENTER, P.O. Box 1562, Houston, Tx. 77251, Ph: 713-247-2982

The following is a list of websites of interest to small businesses. Most public libraries have internet terminals available for use, free of charge. All addresses are subject to change without notice.

HOUSTON CHRONICLE'S BUSINESS RESOURCE DATABASE:

www.chron.com/content/community/business/index.html

GOVERNMENT / RELATED AGENCIES

URL

U.S. BUSINESS ADVISOR	www.business.gov/busadv/index.cfm
U.S. CENSUS BUREAU	www.census.gov
U.S. BUREAU OF ECONOMIC ANALYSIS (Commerce)	www.bea.doc.gov
U.S. DEPARTMENT OF LABOR (incl. Wage and Hour info)	www.dol.gov
U.S. ENVIRONMENTAL PROTECTION AGENCY	www.epa.gov
U.S. SMALL BUSINESS ADMINISTRATION	www.sbaonline.sba.gov
U.S. CUSTOMS SERVICE (Treasury Dept.)	www.customs.ustreas.gov
U.S. INTERNAL REVENUE SERVICE	www.irs.gov/smallbiz/
U.S. INTERNATIONAL TRADE ADMINISTRATION	www.ita.doc.gov/
U.S. PATENT AND TRADEMARK OFFICE	www.uspto.gov
U.S. POSTAL SERVICE	www.usps.com/smallbiz/
U.S. GOVERNMENT PRINTING OFFICE	www.access.gpo.gov
TEXAS MARKETPLACE	www.marketplace.state.tx.us/
TEXAS STATE COMPTROLLER	www.cpa.state.tx.us
TEXAS ATTORNEY GENERAL (Consumer Protection)	www.oag.state.tx.us
DIRECTORY OF TEXAS MANUFACTURERS	www.utexas.edu/depts/bbr
TCEQ (formerly TNRCC)	www.tceq.state.tx.us
TEXAS DEPARTMENT OF HEALTH	www.tdh.state.tx.us
HARRIS COUNTY	www.co.harris.tx.us
CITY OF HOUSTON	www.cityofhouston.gov/
HOUSTON PUBLIC LIBRARY	www.hpl.lib.tx.us/hpl/index.html
METRO	www.ridemetro.org/homepage.asp
PORT OF HOUSTON	www.portofhouston.com

SEARCHES/RESEARCH/DEMOGRAPHICS

URL

GOOGLE	www.google.com
FORT WORTH BUSINESS ASSISTANCE CENTER	www.fwbac.com
THE PEOPLES' LAWYER	www.law.uh.edu/peopleslawyer
FRANCHISING INFORMATION	www.entrepreneur.com/franzone
U.S. GOVERNMENT SEARCH ENGINE	www.lib.lsu.edu/gov/fedgov.html
U.S. SENATE	www.senate.gov
U.S. HOUSE OF REPRESENTATIVES	www.house.gov
U.S. HOUSE INTERNET LAW LIBRARY	law.house.gov
HOTSHEET	www.hotsheet.com
INTERNIC DOMAIN REGISTRATION SYSTEM (URL'S)	www.internic.net/alpha.html
TEXAS STATE DATA CENTER	txsdc.tamu.edu/
UNDERWRITERS LABORATORIES STANDARDS	www.ul.com/info/standard.htm

LABOR AND EMPLOYMENT LAW

URL

STATE BAR OF TEXAS	www.texasbar.com/start.htm
FINDLAW LEGAL SEARCH ENGINE	www.findlaw.com/
LEGAL ENGINE.COM	www.legalengine.com/

HEIROS GAMOS LABOR LAW
LEGAL INFORMATION INSTITUTE
ONLINE LAW LIBRARY
NOLO LEGAL ENCYCLOPEDIA
WWW VIRTUAL LAW LIBRARY (Search)

www.hg.org/employ.html
www.law.cornell.edu
www.fplc.edu/ollie.htm
www.nolo.com/encyclopedia/index.html
www.law.indiana.edu/law/v-lib

BUSINESS ASSOCIATIONS

URL

GREATER HOUSTON PARTNERSHIP	www.houston.org
HOUSTON MINORITY BUSINESS COUNCIL	www.hmbc.org
BETTER BUSINESS BUREAU	www.bbbhou.org
HOUSTON ENTREPRENEUR'S FORUM	www.4houston.com/hef
SILVER FOX ADVISORS	www.silverfox.org
CLEAR LAKE AREA EDF (CLAEDF)	www.claedf.com
CENTRAL HOUSTON INC.	www.centralhouston.org
DOWNTOWN MANAGEMENT DISTRICT	www.downtowndistrict.org
MAIN STREET MARKET SQUARE REDEVELOPMENT AUTHORITY	www.mainstreetirz.com
MIDTOWN MANAGEMENT DISTRICT	www.houstonmidtown.com
GREATER EAST END DISTRICT	www.greatereastend.com

LEGAL BUSINESS STRUCTURES IN TEXAS

HOUSTON ONE STOP BUSINESS CENTER, P.O. Box 1562, Houston, Tx. 77251 - PH: 713-247-2982

The Filing Fee for Articles of Incorporation is \$300. The Secretary of State (SOS) registers Corporate Names, Limited Partnerships, Limited Liability Companies, Certificate of Authority, Non-Profit Agencies, Statewide D.B.A's (name) and others. The legal structures for business available in Texas are as follows. ***Please note that the following information DOES NOT constitute legal advice.***

For more information: www.sos.state.tx.us/corp/businessfaqs.shtml

SOLE PROPRIETORSHIP

A sole proprietorship exists when a single individual operates a business owning all assets, is personally liable for all debts and business ownership is non-transferable. Under a sole proprietorship, the life of the proprietorship is limited to the life of the individual proprietor. The sole proprietorship makes no legal distinction between personal and business debts, and it does not require a separate income tax return.

GENERAL PARTNERSHIP

A general partnership exists when two or more individuals or businesses join to operate a business. Under the general partnership, a separate business entity exists, but creditors can still look to the partner's personal assets for satisfaction. General partners often share equally in assets and liabilities. The general partnership requires an annual partnership income tax return (separate from the partners' personal returns).

CORPORATION

A corporation is created when one or more individuals, partnerships or owners join together to form a separate entity for the purpose of operating a business in Texas. A corporation has its own legal identity, separate from its owners. The corporation safeguards the business owners' personal assets. Taxation of the corporation varies depending on the type of corporation formed- C Corporation or S Corporation. A C Corporation is often times taxed at a rate higher than an individual. The owners are not taxed personally for profits; however, the owners do pay personal taxes on any salaries and/or dividends and the corporation is also taxed on the dividends. Owners of an S Corporation may personally deduct losses the same as a partnership. The S Corporation also offers alternative methods for distributing the business income to the owners, and there is no added cost to the incorporation process.

LIMITED LIABILITY COMPANY, LLC

A limited liability company is an unincorporated business entity which shares some of the aspects of S corporations and limited partnerships, and yet has more flexibility than some more traditional business entities. The limited liability company provides its owners with limited liability and pass-through tax advantages without the restrictions imposed on S corporations and limited partnerships.

LIMITED PARTNERSHIP

A limited partnership is a partnership formed by two or more persons or entities, and having one or more general partners and one or more limited partners. General partners share equality in debts and assets while limited partners have limited debt obligations.

REGISTERED LIMITED LIABILITY PARTNERSHIP

A general partnership registered with the Secretary of State is a "registered limited liability partnership". A partner's liability in a registered limited partnership differs from that in an ordinary partnership. In a registered limited liability partnership, a partner is not individually liable, under some circumstances, for debts and obligations of the partnership arising from errors, omissions, negligence, incompetence, or malfeasance committed in the course of the partnership business by others in the partnership.

A professional tax consultant, accountant and/or attorney should be consulted before determining which legal structure best suits the requirements of the business and its owner(s). Once the legal structure of the business has been determined, the next step is to complete the necessary registration requirements.

REGISTERING A BUSINESS NAME IN TEXAS - State Requirements

All businesses operating as corporations in Texas must file articles of incorporation with the Office of the Secretary of State of Texas. If the corporation will transact business under names other than that stated in the articles of incorporation, the corporation needs to file an assumed name certificate with the Secretary of State, and with the county clerk in which the principal office and registered office of the corporation is located. The Secretary of State will perform a name search to verify that no other corporation in Texas is using the exact name selected. (This check is for corporate names only and does not include DBA filings.) To find out if a corporation is already using the name chosen, call the Secretary of State at 512-463-5555. Office personnel can do an immediate computer search to see if the name has been reserved.

Corporations, limited partnerships, and limited liability companies organized in other states or countries may transact business in Texas by obtaining a Certificate of Authority through the Secretary of State. The Corporation Section (Secretary of State) can provide forms for the certificate of authority. An out-of-state business may consider the option of creating a Texas corporation, limited partnership, or limited liability company for transaction of business in Texas.

Other forms of business entities required to file with the Secretary of State includes limited partnerships, registered limited liability partnerships, limited liability companies, professional corporation, professional associations and non-profit corporations. The Secretary of State provides a summary of the requirements for creation of these entities but does not provide forms for organizational documents except for registration of a limited liability partnership.

The Secretary of State publishes the *Filing Guide*, which offers guidelines for business organization document filing requirements. The Guide also includes administrative rules and sample forms promulgated by the Secretary of State. The current cost of the guide is \$25 and may be purchased directly from the Secretary of State.

FOR FURTHER INFORMATION CONTACT:

Office of the Secretary of State
Corporations Section
P.O. Box 13697
Austin, Texas 78711-3697

OR CALL:

General Information / Name Searches	512-463-5555 (Call before 9 a.m. or after 4 p.m.)
TDD	800/735-2989
FAX	512/463-5709
Copies and Certificates	512-463-5578
Trademarks	512-463-5576
Blank Filing Forms	512-463-5586
Corporate Legal Staff	512-463-5586
"Direct Access" for Business Regulation	512-475-2755 (Charge for On-line Service)
FORMS ONLINE:	www.sos.state.tx.us/corp/business.shtml

MLM & BUSINESS OPPORTUNITIES

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FROM: www.oag.state.tx.us/AG_Publications/txts/busop.shtml

Under the Texas Business Opportunity Act, a business opportunity is regulated by the law if:

It requires you, the buyer, to pay \$500 or more to start the business, AND the seller promises you will earn or are likely to earn a profit exceeding the initial investment, AND the seller promises any one of the following:

- * the seller will provide locations or help you find locations on property not owned by either you or the seller for the use of or operation of the products, equipment, supplies, or services the seller is leasing or selling;
- * the seller will provide a sales, production, or marketing program; this does not apply to businesses that have registered trademarks;
- * the seller will buy back any products, supplies, or equipment purchased, or any product made, fabricated, grown or bred by the purchaser using equipment or products sold or leased by the seller.

A business opportunity meeting these criteria must be registered with the Secretary of State before the seller advertises it or offers it for sale. The law also requires the principal seller to provide all of the following information to the Secretary of State.

Disclosure Requirement

Under the Texas Business Opportunity Act, the seller must provide you with the following information at least 10 days before you sign a contract or turn over any money to the seller:

- * The names and addresses of all persons affiliated with the seller in this particular business;
- * A copy of a current financial statement of the seller;
- * A complete description of the actual services the seller agrees to perform for the purchaser;
- * If training is promised, a complete description of the training, length of training, and cost of travel or lodging during the training;
- * If services are promised in connection with placement of equipment or products, the full nature of the services and the nature of agreements to be made with the owners or managers of business locations;
- * If the seller or his or her representatives have been adjudged bankrupt or have been subject to a judgment in a civil suit involving fraud or embezzlement during the past seven years, he or she must tell you;
- * If the seller makes representations about sales or earnings potential, he or she must disclose both the total number of people participating in the business opportunity for the past three years and the total number of people who have actually achieved the represented sales or earnings within the past three years.
- * Cancellation. The seller must give you the following statement in writing as part of the disclosure requirement: If the seller fails to deliver the product, equipment, or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you

may notify the seller in writing and cancel your contract.

Precautions

Promises are frequently made as a "come on" to sell the business opportunity by giving it the appearance of a no-lose proposition. But it is not that easy to set up a new business and make money. The more money the seller says you can make, the more you should investigate those claims for accuracy.

A legitimate seller will want to ask you many questions to see if you have a good opportunity for success. A legitimate seller will not be offended if you ask questions about successful participants in the business opportunity he or she is offering for sale. Many people have lost their entire investment by not checking first.

If the business opportunity seller promises purchasers that they are assured of making profit, he or she is required to secure a bond or trust account of \$25,000 in favor of the State of Texas. Before buying a business opportunity, check with the Secretary of State to see if the company is registered and whether such a bond has been filed.

Multi-Level Marketing (MLM)

Today, a popular type of sales program is "multi-level marketing" (MLM) or "network marketing." Many of these programs do not fall within the guidelines of the Texas Business Opportunity Act, so the sellers do not have to register with the Secretary of State or comply with the disclosure requirements. Such plans do offer people an opportunity to earn money and they should be evaluated just as closely as any other type of business opportunity.

Generally, MLM plans allow you to recruit salespeople for your own sales team, who then recruit additional members. You receive commissions from sales made by your team. Team members down the line also get commissions from members below them. There are many legitimate MLM operators in Texas. However, it is a field in which there are many shady operators and questionable sales programs. Some are nothing more than pyramid schemes.

Under the Texas Deceptive Trade Practices Act, you may not promote a pyramid promotional scheme. A pyramid promotional scheme is plan or operation by which a person gives consideration for the opportunity to receive compensation that is derived primarily from a person's introduction of other persons to participate in the plan or operation, rather than from the sale of a product by a person introduced into the plan or operation. This means that, for an MLM plan to be legal, commissions must come from the retail sale of a good and not from the recruitment of people to the sales team.

Besides being a civil deceptive trade practice, pyramid promotion is a state jail felony punishable by imprisonment in a state jail for up to two years and by a fine of up to \$10,000.00.

Tips to Help You Evaluate MLM's

- * Be skeptical of programs that can only be successful if new recruits continually join the sales organization. Are you required to recruit new people as a condition of joining the organization or can you earn money simply by selling the product?
- * Before you join, be sure the product offered is something for which there is a market. Ask what the average monthly retail sales are per salesperson. Be wary of anyone who tells you that you do not have to sell anything to make money. For it to be legitimate, commissions must come from the retail sales of goods, so at some point someone will have to sell something.
- * If the program you are considering does not provide distributors with a contractually enforcement right to a 90% refund of commercially resalable product within one year of the purchase of the product by the distributor, the program may be an illegal pyramid, not a multi-level distributorship.
- * Be extremely careful and wary of buying business opportunities out of weekend seminars given in local hotels or advertised on late night television infomercials. If you buy from a hotel seminar, you must be given a notice of a three day right to cancel.
- * Be wary of a sales pitch that includes promises of high rewards with little effort.

(GSP-07A.WPD, 9-04)

BUSINESS WARRANTIES

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THE MAGNUSON-MOSS WARRANTY ACT (MMWA) PROVIDES SPECIFIC GUIDELINES FOR CONSUMER RELATED WARRANTIES. IT COVERS ALL WARRANTY TYPES, INCLUDING: IMPLIED, EXPRESS, FULL AND LIMITED. EXPRESS WARRANTIES AND ORAL REPRESENTATIONS ARE COVERED BY FEDERAL AND STATE LAW, INCLUDING THE TEXAS DECEPTIVE TRADE PRACTICES ACT (DTPA). CONTACT THE FEDERAL TRADE COMMISSION, OFFICE OF CONSUMER AND BUSINESS EDUCATION, AT 202-326-3650., AND ASK FOR THE BOOKLET, "WRITING READABLE WARRANTIES".

FOR MORE INFORMATION: www.ftc.gov/bcp/conline/pubs/buspubs/warranty.htm

SECTION 701.3 WRITTEN WARRANTY TERMS

Any warrantor warranting to a consumer by means of a written warranty a consumer product actually costing the consumer more than \$15 shall clearly and conspicuously disclose in a single document in simple and readily understood language, the following items of information:

The identity of the party or parties to whom the written warranty is extended, if the enforceability of the written warranty is limited to the original consumer purchaser or is otherwise limited to persons other than every consumer owner during the terms of the warranty;

A clear description and identification of products, or parts, or characteristics, or components or properties covered by and where necessary for clarification, excluded from the warranty;

A statement of what the warrantor will do in the event of a defect, malfunction, or failure to conform with the written warranty, including the items or services the warrantor will pay for or provide, and, where necessary for clarification, those which the warrantor will not pay for or provide;

The point in time or event on which the warranty term commences, if different from the purchase date, and the time period or other measurement of warranty duration;

A step-by-step explanation of the procedure the consumer should follow in order to obtain performance of any warranty obligation, including the class of persons authorized to perform warranty obligations. This includes the name(s) of the warrantor(s), together with: The mailing address(es) of the warrantor(s), and-or the name or title and the address of any employee or department of the warrantor responsible for the performance of warranty obligations, and-or a telephone number which consumers may use without charge to obtain information on warranty performance; Information respecting the availability of any informal dispute settlement mechanism elected by the warrantor in compliance with Part 703¹ of this subchapter;

Any limitations on the duration of implied warranties, disclosed on the face of the warranty as provided in Section 108¹ of the Act, accompanied by the following statement: *Some States do not allow limitations on how long an implied warranty lasts, so the above limitation may not apply to you.*

A statement in the following language: *This warranty gives you specific legal rights, and you may also have other rights which vary from state to state.*

¹ - Part 703 and Section 108 of the Act can be found in many libraries. Call the Houston Central Library at 713-236-1313 for details.

Many of the rules and regulations regarding warranties and the sales of goods or products also apply to warranties arising out of a service transaction. Express or implied warranties often arise out of a service provider's claim regarding the quality of a particular service being rendered. See information sheet on the Texas DTPA (included).

(GSP-07B.WPD, 3-05)